STATE OF CALIFORNIA

Edmund G. Brown Jr., Governor

PUBLIC UTILITIES COMMISSION
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December 19, 2018

Ronald van der Leeden
Southern California Gas
Director, Regulatory Affairs
555 West Fifth Street
Los Angeles, CA 90013

Clay Faber
San Diego Gas & Electric
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Dear Mr. van der Leeden and Mr. Faber:

Energy Division approves SDG&E's 2019 Annual Budget Advice Letter (3267-E/2700-G and 3267-E/2700-G) and SoCalGas' 2019 Annual Budget Advice Letter (5349 and 5349-A).

Background

On September 4, 2018, San Diego Gas & Electric Company (SDG&E) filed AL 3267-E/2700-G and Southern California Gas Company (SoCalGas) filed AL 5349.[1]

Public Advocates Office Protest and Reply Comments

On October 4, 2018, The California Public Advocates Office (CalPA) timely protested the ABALs of SDG&E and SoCalGas.

Required use of 2019-2020 Draft DEER Resolution E-4952

In its protest, CalPA requests that the Program Administrators (PAs) file supplemental advice letters updating their 2019 ABALs based on the 2019-2020 Draft DEER Resolution E-4952. CalPA states that the "Draft Resolution E-4952 would make numerous changes to DEER such as amendments to net-to-gross ratios and the expected useful life of certain measures. Many of these changes will reduce the claimable savings from energy efficiency measures. If Draft Resolution E-4952 is adopted by the Commission, the Program Administrators' (PAs') energy efficiency portfolios will instantly become less cost-effective than currently forecast."[2]

CalPA concludes that "given the fact that Draft Resolution E-4952 is likely to have a significant impact on the cost-effectiveness of EE portfolios, the Commission should require all EE PAs to submit supplemental advice letters after the resolution is adopted. In these supplemental advice letters, each PA should provide a revised cost-effectiveness forecast based on the updated DEER values."[3]

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[1] D.15-10-028, OP 4.
[2] California Public Advocates protest to MCE, PG&E, SCE, SDG&E and SoCalGas ABALs in proceeding R.13-11-015, pages 4-5.
[3] Ibid.

In its reply, SoCalGas disagrees with CalPA's assertion regarding the perceived inadequacy of SoCalGas' explanation of how it will improve cost-effectiveness and reach an evaluated TRC of 1.0 for 2019. Like PG&E, SoCalGas refers to the ABAL filing of September 4, 2018, in which it describes opportunities it will leverage as the means to achieve a cost-effective portfolio, including partnerships with a variety of local/municipal entities (electric utilities, water agencies, and air quality districts) to drive savings and lower costs, as well as an expanded residential behavior program that will target a much larger number of customers with home energy reports.[8]

SoCalGas also rebuts CalPA's doubts over anticipated savings for 2019 from specific measures such as installed infrared film for greenhouses and greenhouse heat curtains, arguing that the forecasts are within reason based on prior historical results.[9]

Discussion

D. 18-05-041, Section 7.2, describes the required content to be included in a PA ABAL filing. Specifically, the PA(s) must "include a discussion of proposed program and portfolio changes, to facilitate Commission staff and stakeholder review of the ABAL submissions and understanding of future portfolio considerations and composition." In its protest, CalPA argues that SoCalGas did not adequately address the required content presented earlier regarding forecasted and evaluated portfolio cost-effectiveness and strategies to either lower costs or increase savings going forward. While CalPA is correct in that PA ABALs were required to address those issues, D. 18-05-041 goes on to state that "there will be minimal to no review/oversight by staff of the provided information, but the information must be provided." Therefore, Energy Division interprets the decision language to indicate that a PA must provide an explanation why they believe their portfolio will achieve an evaluated TRC of 1.0.

Subsequent review by Energy Division of SoCalGas' initial and supplemental ABAL, as well as its response to CalPA's protest finds SoCalGas met the requirements of D. 18-05-041 by including the required content in their ABAL filings. Specifically, SoCalGas has:

- Provided a list of proposed programs it intends to either expand or close in 2019 to improve cost-effectiveness
- Highlighted the third-party solicitation process as a key component of improving portfolio cost-effectiveness during the "ramp years"
- Described how it will partner with municipal agencies to drive down program administrative cost and improve portfolio cost-effectiveness.

Energy Division finds that SoCalGas has met the annual budget advice letter review criteria listed above and has provided an adequate explanation why it is not forecasting a portfolio TRC of 1.25 and how it plans to achieve an evaluated portfolio TRC of 1.0 during the transition period. Consequently, the Energy Division rejects CalPA's protest.

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[8] See SoCalGas *Reply to Protests and Response of SoCalGas Advice Letter No. (AL) 5349-G*
[9] ibid.

Lastly, because SoCalGas met the ABAL review criteria of a forecasted 1.0 TRC, but fell short of forecasting 1.25 TRC threshold, D. 18-05-041 requires SoCalGas to participate in the workshop process[10] in which SoCalGas will:

- explain why its forecasted TRC does not meet or exceed 1.25
- describe how it intends to achieve a portfolio TRC that meets or exceeds 1.0 on an evaluated basis
- describe how it will transition to and achieve a forecast TRC of at least 1.25 by program year 2023.

As part of this process, SoCalGas should:

- identify any programs it intends to discontinue or modify due to consistently poor or declining cost-effectiveness results, and
- how the PA is communicating this intention to those programs' beneficiaries.

Energy Division staff, working with SoCalGas in planning the workshop, may also ask SoCalGas to address additional issues related to portfolio cost-effectiveness, administrative costs and program accounting practices.

The workshop process is the appropriate venue for CalPA to gather more substantive information on SoCalGas' portfolio cost-effectiveness and provide constructive feedback to SoCalGas via the review and comment process. While D. 18-05-041 provides a specific timeline, as part of this workshop process the PAs must deliver a report that summarizes the workshop. Per Commission guidance, parties may file comments on SoCalGas' proposed portfolio composition in response to the SoCalGas workshop report.

The PAs should be required to show their portfolios comply with the statewide funding requirements of D.18-05-041

CalPA states in its protest that the IOUs did not file detailed budgets for their statewide programs in their ABALs demonstrating compliance with existing statewide requirements. These requirements include:

- PG&E, SoCalGas and SDG&E spend at least 25% of their portfolio budget on statewide programs, and SoCalGas spends at least 15% of its budget on statewide programs, where such statewide programs conform to the new definition per D.16-08-019
- Each IOU funds each statewide program in proportion to its load share[11], and that such funding not deviate from load share by more than 20 percent.[12]

[10] See D. 18-05-041 at http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K706/215706139.PDF , pp. 134-137.
[11] D.18-05-041 OP22
[12] D.18-05-041 at 83

CalPA also notes that the PAs have not presented a plan for determining load share or how statewide program costs will be allocated across funding PAs. For this reason, CalPA argues, the Commission cannot be assured of compliance with the statewide requirements. CalPA asks that the Commission require the PAs to file in a supplemental filing the load-proportional funding shares by fuel type (gas and electric) for each statewide program, to demonstrate compliance.

SDG&E's response to CalPA's protest states that Energy Division staff has requested this information in an October 1, 2018, supplemental request related to the 2019 ALs. SDG&E further notes that it plans to provide this information as requested by October 29, 2018.[13]

SoCalGas' response to CalPA's protest argues that the PAs should not be required to demonstrate compliance with statewide program requirements in their 2019 filings in that such a requirement is premature because there will be no statewide programs compliant with the new definition implemented in 2019. The new definition of statewide programs per D.16-08-019 states that one or more statewide implementers under contract to the lead administrator should deliver statewide programs uniformly throughout the state. SoCalGas notes that it is working with other PAs to provide budget sharing methodology in response to Energy Division staff's request for supplemental information and that budget amounts for each statewide program will be forthcoming in the 2020 ABAL filings, corresponding with the first year of its statewide implementation.[14]

Discussion

As SoCalGas states in its response to CalPA's protest of its 2019 ABAL, statewide programs conforming to the definition in D.16-08-019 will not be implemented until program year 2020. Energy Division staff concurs and removed the statewide budget clarification request from the 2019 supplemental and instead submitted the same request for this information as a supplemental request to the PAs' co-funding mechanism advice letters. The PAs submitted the requested supplemental information on November 16, 2018 within the co-funding mechanism advice letter review process. A 20-day comment period for Parties to react to the supplemental advice letters closed on Thursday December 6, 2018, with no protests. Energy Division staff are working on the related dispositions. The resultant supplemental fillings[15] will be evaluated with respect to their demonstration of compliance with statewide program policies of D.16-08-019 and D.18-04-041, and the degree to which they sufficiently address CalPA protests.

Energy Division agrees with SoCalGas that the current statewide programs, including the codes and standards advocacy programs, do not need to be structured in accordance with the requirements of D.16-08-019 until 2020. The current programs are cooperatively managed by the PAs but are not delivered uniformly by a third-party implementer—or implementers—that are under contract to the

[13] See SDG&E's *Reply to the Protests of Advice Letter 3267-E/2700-G*

[14] See SoCalGas *Reply to Protests and Response of SoCalGas Advice Letter No. (AL) 5349-G*

[15] Supplemental Advice Letters filed November 16 regarding the IOU's Shared Funding Mechanism Proposal Pursuant to D.18-05-041: Advice Letter 3268-E-A/2701-G-A (SDG&E U902 M), Advice Letter 5346-G-A (SCG U904 G), Advice Letter 3861-E-A (SCE U338 E), Advice Letter 5373-E-A/4009-G-A (PG&E U39 M)

lead IOU PA that holds full decision-making authority. The PAs plan to conduct solicitations throughout 2019 to hire third party implementers to launch compliant statewide programs. The PAs' third-party solicitation plans cover each statewide program, including the codes and standards advocacy program. For this reason, we find that it is reasonable to expect that no compliant statewide programs are expected to operate in program year 2019, and therefore are not directly pertinent to the 2019 ABAL filing.

Consequently, Energy Division finds that the statewide program issues raised in CalPA's protest are addressed sufficiently in the filings pursuant to the requirements of the ABAL and that it is more appropriate to address statewide program funding issues in the context of the statewide co-funding advice letters. No policy-compliant statewide programs will launch in 2019 and for this reason we reject CalPA's protest in that there are insufficient grounds to withhold approval of 2019 ABAL filings on the basis of the statewide program issues.

Energy Division finds the 2019 budget allocations made by SoCalGas' and SDG&E's to Codes and Standards (C&S) Advocacy are lower than they would be under a load-share proportional funding requirement. Energy Division recognizes that the IOUs are in the process of developing compliant statewide portfolios, but also clarify that Energy Division will require statewide budgets in 2020 and in all future ABAL filings to conform to the load-share proportional funding requirements approved through the statewide co-funding advice letter process.[15]

SDG&E should substantiate its cost effectiveness forecasts, particularly with respect to its lighting programs

CalPA finds the cost-effectiveness estimates made by SDG&E for its lighting programs to be questionable. CalPA describe the estimates as "unusually high and not substantiated". CalPA notes that the cost effectiveness ratios for SDG&E's lighting programs are much higher than have been forecasted or observed in comparable programs, particularly for similar programs in the 2018 portfolio. Further, CalPA requests that Energy Division require SDG&E to submit additional information to substantiate its lighting cost-effectiveness forecasts. CalPA also recommends that SDG&E eliminate or substantially restructure single family and multi-family programs to improve cost-effectiveness.

In its response, SDG&E states that it has adjusted the portfolio to accommodate cost-effectiveness requirements. Specifically, SDG&E notes that it made cuts in the types of measure offerings, but not in quantities incented, and that the measures that remain are highly cost-effective. SDG&E also explains that the 2018 DEER updates changed lighting incremental costs such that cost-effectiveness was improved for some upstream lighting measures. Further, SDG&E states that it was able to re-negotiate lower per-unit incentive costs for some measures, and that the quantities of the remaining cost-effective lighting measures are forecasted to increase in 2019 versus 2018.

With respect to its Single-Family program, SDG&E states that it intends to discontinue the Statewide Energy Upgrade California Whole House Retrofit Program and to replace both the Advanced Home

Upgrade Program and the Residential HVAC Quality Installation/Quality Maintenance program through the ongoing third-party program solicitations. In the meantime, both programs will continue to be offered, but the advanced home upgrade program will be re-categorized as a non-resource program due to its current cost-effectiveness performance and parameters.

Discussion

Energy Division finds that SDG&E's explanation of recent and planned changes to the lighting and residential energy efficiency programs discussed above sufficiently addresses the concerns raised by CalPA and, consequently, CalPA's protest of this issue is rejected.

Administrative Costs

CalPA asks the Commission to reject SoCalGas ABAL and require each of the IOU PAs to minimize administrative costs, arguing that the IOUs must be out of compliance due to the perceived effect those costs, as filed on CEDARS, have on portfolio cost-effectiveness.

CalPA asks that the Commission require:

- each IOU to file a supplemental advice letter that uses consistent accounting methods for administrative costs vis a vis portfolio cost-effectiveness with and without these costs
- SCE's supplemental advice letter to include a demonstrated compliance with budget caps for administrative and overhead cost categories
- SoCalGas supplemental advice letter to include demonstrated compliance with the Commission's 10 percent cap on administrative costs as they are calculated using a "labor loader".[16]

SDG&E's response describes CalPA's protest of the IOUs' ABALs, on the grounds that the IOUs are not compliant with the Commission's 10 percent cap on administrative costs, as unwarranted.[17]

SDG&E argues that its utility administrative costs, at either 8.2% or 6.7% (depending on inclusion or exclusion of loan pool),[18] are compliant with the Commission's 10 percent cap, and that SDG&E's portfolio cost-effectiveness (TRC of 1.34) with administrative costs still surpasses the Commission's requirement that the ABAL be filed with a forecast TRC above 1.0.[19] In Table 8 of its ABAL, SDG&E's administrative costs are listed as $6,295,584, out of a total budget of $106,665,916; this represents approximately 6 percent of total budget, which is in compliance with the Commission's 10 percent cap.[20]

[16] Ibid.
[17] See SDG&E's Reply to the Protests of Advice Letter 3267-E/2700-G, p. 4.
[18] Ibid.
[19] Ibid.
[20] See SDG&E Advice Letter 3267-E/2700-G, p. 8.

SoCalGas' response to CalPA's protest states that CalPA mistakenly asserts that SoCalGas ABAL is non-compliant with the Commission's 10 percent cap on administrative costs. SoCalGas argues that even with the labor loader in question, its administrative costs subject to the Commission's cap total just 8.7%.[21]

In SoCalGas' ABAL, filed September 4, 2018, Table 6 presents SoCalGas' 2019 administrative costs and labor loader. In that table, the 2019 administrative costs value of $8,346,434 for 2019 includes both program administrative costs, which are subject to the Commission's cap, as well as utility administrative costs[22]. In its response to CalPA's protest, SoCalGas notes that just $4.3 million of the approximately $8.3 million in administrative costs are program administrative costs subject to the Commission's 10 percent cap. Consequently, these program administrative costs, when added to the labor loader amount of $5.4 million, represent a total that is just 8.7 percent of total costs and well under the Commission's 10 percent cap. The 10 percent cap from D.09-09-047 is set for IOU administrative costs only. SoCalGas has calculated the IOU administrative cost cap in accordance with D.09-09-047 OP 13, which excludes associated non-IOU third party and local government partnership administrative costs. These programs include Emerging Technologies, Codes & Standards, Workforce Education & Training, programs supporting market transformation and non-resource programs that meet the requirements in D.09-09-047.

Discussion

While not under review in this instance, we note that PG&E's and SCE's responses to CalPA's protest that their administrative costs are non-compliant with the Commission's 10 percent cap are correct. As submitted on the Commission's Cost-effectiveness Tool (CET), IOU administrative costs include those required to be under the Commission's cap as well as those not subject to the cap. Consequently, when CalPA used the "TRC-no admin" filter to determine portfolio cost-effectiveness both with and without administrative costs, it received a misleading estimate of the magnitude of the effect "TRC-no admin" has on the portfolio and was lead to believe that such an effect must mean that the IOUs are out of compliance with the Commission cap on administrative costs.

Additionally, SDG&E's and SoCalGas' responses to CalPA's protest provide clarification as to the specific administrative costs subject to the Commission's 10 percent cap. Consequently, due to issues related to how administrative costs are reported on the Commission's CEDARS website as well as guidance provided in the Energy Efficiency Policy Manual V5[23] on what costs are included and excluded in

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[21] SoCalGas' administrative costs subject to the Commission's 10 percent cap total $9,708,067 out of a total budget of $111,866,415, per Table 6, *Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Submittal for Program Year 2019*, filed September 4, 2018

[22] See *Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Submittal for Program Year 2019*, filed September 4, 2018, p. 7; and SoCalGas's *Reply to Protests and Response of SoCalGas Advice Letter No. (AL) 5349-G*, p. 3.

[23] see Energy Efficiency Policy Manual V5 at http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Utilities_and_Industries/Energy_-_Electricity_and_Natural_Gas/EEPolicyManualV5forPDF.pdf

determining whether a PA meets the Commission's 10 percent administrative costs cap, Energy Division finds that the IOUs' ABALs are in compliance with CPUC rules on administrative costs and therefore rejects CalPA's protest.

Local Government Sustainable Energy Coalition (LGSEC) Protest and Reply Comments

Changes to Local Government Partnerships (LGPs) are beyond the scope of the AL process

LGSEC argues that the sweeping changes proposed by the IOUs' ABALs are beyond the scope of the ABAL process, including: the IOUs' plan that all future LGPs will result from competitive solicitation and implemented by third parties, that all LGPs must be cost-effective under the Total Resource Cost test (TRC), and that non-resource LGPs will be severely curtailed or eliminated.[24] LGSEC adds that these changes are inappropriate for dispositions by Energy Division, because these proposals have not been reviewed and approved in any previous Commission proceeding.[25] LGSEC also states that instead of working with LGPs, the IOUs have begun implementing drastic program funding cuts, eliminations or downsizing longstanding programs such as SDG&E's non-resource program activities.[26]

SDG&E[27] and SoCalGas[28] both state in their replies to LGSEC's protest that their 2019 ABALs do not propose to reduce budgets for LGPs in 2019 and propose to maintain the status quo.

Discussion

According to D.18-05-041 the "standard of review for staff disposition of the ABALs does not include review of program administrators' decisions on reducing, cancelling, expanding or adding individual programs or program areas."[29] Energy Division understands this decision language to mean that changes to programs or offerings should not be grounds for rejecting a PA's ABAL. However, in D.15-10-028, Section 3.2.2.33, which describe the purpose of the ABAL, states "if a PA departs in significant ways from that PA's most recent budget, the PA can expect a higher degree of scrutiny from Commission Staff, and possibly a suspension of the advice letter."[30] Thus, while Energy Division is not required to review program changes, D.15-10-028 allows Energy Division to scrutinize changes to programs and budgets that significantly deviate from prior years approved budget. Staff did review the LGP budgets in 2018 and the proposed budgets in 2019 for both SDG&E and SoCalGas and found that SDG&E's budget allocated to LGPs increased by 27% in 2019 and SoCalGas budget allocated to LGPs decreased by 1% in 2019. These are not sweeping changes as LGSEC claims, unless you consider SDG&E's increased budget, but budget increases for LGPs was not the reason for LGSEC's protest. Energy Division also notes that D.15-10-028,

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[24] LGSEC protest to the ABALs of PG&E, SCE, SDG&E, SoCalGas in Proceeding R.13-11-005, pgs 1 and 2.
[25] LGSEC protest, pg 2.
[26] LGSEC protest, pg 3.
[27] SDG&E Reply to the Protestants of Advice Letter 3267-E,2700-G in Proceeding R.13-11-005, pg 4.
[28] SoCalGas Reply to Protests and Response of SoCalGas Advice No. (AL) 5349 - Southern California Gas Company's Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2019 in Proceeding R.13-11-005, pg 5.
[29] D.18-05-041, pg 138.
[30] D.15-10-028, pg. 10.

which adopted the rolling portfolio cycle, clearly states that the ABAL is the where the PAs would file an annual report on "portfolio changes, annual spending and fund shifts (OP 4)."[31] Consequently, Energy Division rejects LGSEC's protests that the reductions to LGP budgets for SDG&E and SoCalGas are either "sweeping" or that the changes proposed go beyond the scope of the ABAL.

Changes proposed by IOUs' ABALs for LGPs are out of compliance with D.16-08-019 OP 14

LGSEC states that the IOUs' ABALs ignore the Commission mandate in D.16-08-019, OP 14, which states "PAs shall ensure a smooth transition between existing energy efficiency program activities and the changes outlined in this decision, to be proposed in the business plans due January 15, 2017, to minimize program disruptions and avoid any funding hiatus for ongoing efforts or partnerships."[32] LGSEC believes both the budget cuts to the LGP programs and move to competitively bid out LGPs to Third-Party competitive solicitation are out of compliance with OP 14 of D.16-08-019.[33]

Discussion

Energy Division again notes that SDG&E significantly increased its budget for LGPs, while SoCalGas' budget remained stable. SDG&E's fairly significant budget increase and SoCalGas' minimal budget decrease will ensure a smooth transition for budgets dedicated to LGPs by both IOUs in 2019. In addition, Energy Division has reviewed SDG&E's and SoCalGas' proposed LGP third-party solicitation process and finds that it is compliant with D.18-01-004, OP 1, which sets the schedule for which an increasing percentage of the IOUs' portfolios should be awarded to Third-Parties to design, administer and implement programs. Consequently, Energy Division rejects the claim by LGSEC that either SDG&E's or SoCalGas' proposed 2019 LGP budgets represent a budget cut, nor is there any indication that the programs will be disrupted or face a funding hiatus. In addition, the direction in D.18-01-004, requiring the IOUs to transition their portfolios to Third-Parties is a CPUC requirement. Consequently, LGSEC cannot overturn this requirement via a protest, but would need to file a Petition to Modify that decision. Also, D.18-01-004, OP 1 supersedes D.16-08-019, OP 14 on issues regarding the required transition for IOUs to bid their portfolios out to Third-Parties. Thus, Energy Division finds that the Third-Party solicitation process complies with D.16-08-019, OP 14 and rejects LGSEC's protest.

IOUs did not work with local governments on improving cost-effectiveness

LGSEC claims that despite OP 30 of D.18-05-041 requiring the IOUs to work with local governments to improve cost effectiveness, compliance with this OP has not yet occurred.[34]

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[31] D.15-10-028, OP 4.
[32] D.16-08-019, OP 14.
[33] LGSEC protest, pg 2.
[34] LGSEC protest, pg 3

Discussion

Energy Division agrees with LGSEC that neither SDG&E nor SoCalGas addressed in their ABALs how they would comply with the requirements of the OP 30 of D.18-05-041, which required the IOUs to work with local governments on improving cost-effectiveness. However, Energy Division refers to Section 7.2 of D.18-05-041, which includes the criteria for approving the ABALs. We note that this section does not require the IOUs to include a plan for working with their local governments to improve cost-effectiveness as part of Energy Division's review of the IOUs' ABALs. In addition, OP 30 of D.18-05-041 does not include a date for compliance with this requirement or state how the IOUs should demonstrate compliance with the requirement. Thus, we reject LGSEC's protest, but remind SDG&E and SoCalGas that the IOUs must demonstrate compliance with D.18-05-041 OP 30 by working with local governments on cost-effectiveness.

IOUs did not quantify non-energy benefits provided by LGPs

LGSEC also points out there are co-benefits or local economic benefits from LGPs delivering programs to hard-to-reach (HTR) and disadvantaged communities (DACs) are not quantified in the IOUs' ABALs.

Discussion

As to LGSEC's claims that the IOUs' ABALs failed to address co-benefits or local economic benefits of LGPs for HTR and DAC in the IOU ABALs, Energy Division notes that this requirement was part of the IOUs' Motion for Standard Terms and Conditions for LGPs. This motion, which included how the IOUs' planned to quantify co-benefits or local economic benefits of LGPs for HTR and DACs, was submitted to the Commission on August 18, 2018, and parties provided input via comments on the motion. Consequently, because this issue will be addressed via the motion and in consideration of party comments, rather than through the ABAL review process, we reject LGSEC's protest.

Energy Atlas

Finally, LGSEC claims that the IOUs did not include sufficient detail on the expansion of Energy Atlas, designate a lead utility or include any specific information on funding allocations for Energy Atlas.[35]

SCE[36] and SDG&E[37] replied that they will provide the requested information in their 2019 Supplemental Advice Filings. In addition, SoCalGas added that LGSEC ignores the information SoCalGas has provided in its ABAL regarding the funding of Energy Atlas.[38] SoCalGas highlights Appendix A, Table 4, where it

[35] LGSEC protest, pg 3.
[36] SCE reply to protest, pg 6.
[37] SDG&E reply to protest, pg 5.
[38] SoCalGas reply to protest, pg 5.

established program SCG3837- PUB-SW-Energy Atlas and designated funding based upon SoCalGas' portion of the $2 million allocated per OP 32 of D.18-05-041.[39]

Discussion

In the IOUs' supplemental ABALs filed on October 29, 2018, the IOUs selected SCE as the utility lead for Energy Atlas and stated an anticipated budget and a projected timeline for awarding the contract to a third-party implementer. The timeline suggests that the implementer will be awarded a contract and Energy Atlas expansion work will begin in 2020. Energy Division finds that by selecting SCE as the lead utility and providing an anticipated budget and project timeline, the supplemental ABALs provide adequate detail on Energy Atlas to satisfy LGSEC's protest. Consequently, we reject LGSEC's protest.

The Utility Reform Network Protest and Reply Comments

Over-reliance on savings from Home Energy Reports

On October 4, 2018, The Utility Reform Network (TURN) filed its protest of SDG&E, PG&E, SoCalGas, and SCE ABALS in which it expresses concerns regarding the IOUs' respective energy savings forecasts, the predominance of energy savings from Home Energy Reports, and how a failure to achieve savings from this behavior program may negatively affect the IOUs' respective portfolio TRCs for 2019.

TURN does not ask the Commission to reject the IOUs' ABALs based on the reliance of behavior programs in the 2019 energy savings forecasts. Instead, TURN proposes that, if the Commission is "inclined to approve the 2019 ABALs of PG&E, SCE, SoCalGas and SDG&E," that the approval include the requirement that the IOUs submit a mid-year progress report on the performance of their behavior programs relative to their 2019 energy savings forecasts as presented in their respective ABALs.

In their respective responses SoCalGas and SDG&E all ask the Commission to reject TURN's request for the IOUs to file a mid-year Tier 1 advice letter update on behavior programs, stating that an additional advice letter is unnecessary and burdensome, as the information TURN requests is available to all stakeholders in the monthly and quarterly reports that the IOUs file with the Commission on its public data website, the California Energy and Data Reporting System (CEDARS)[40].

Additionally, SoCalGas and SDG&E point to the 2018 Potential and Goals Study and how their respective savings forecasts from home energy reports align with the savings potential from these programs as described in the study.[41] SDG&E also points to the California Energy Efficiency Coordinating Committee

[39] SoCalGas reply to protest, pg 5.

[40] See SDG&E's Reply to the Protests of Advice Letter 3267-E/2700-G (pp. 2-4) and SoCalGas's Reply to Protests and Response of SoCalGas Advice Letter No. (AL) 5349-G (pp. 5-7).

[41] See SDG&E's Reply to the Protests of Advice Letter 3267-E/2700-G (pp. 2-4) and SoCalGas's Reply to Protests and Response of SoCalGas Advice Letter No. (AL) 5349-G (pp. 5-7).

(CAEECC) discussions that will take place in July or August 2019 in advance of the 2020 ABAL filings as the more suitable venue for review of program administrators savings forecasts. Per Commission directive, program administrators must present drafts of their respective budget requests for 2020 and provide information portfolio- and program-level savings from prior and current years as part of the larger stakeholder review of the ABAL filings. SDG&E argues that TURN may request additional detail and reporting on Home Energy Reports within that larger discussion.

Discussion

The Commission requires the IOUs to file monthly and quarterly reports to CEDARS, the Commission public data repository. The monthly reports provide program level information on gross and net savings achieved by a program in the given report month, as well as a year-to-date total for gross and net savings. The quarterly reports present a more refined variant of the same information presented in the monthly reports and represent the IOUs' "official" program savings claims for the quarter. TURN has full access to these data going back to the inception of the Home Energy Reports program in 2012.

Lastly, the Commission has evaluated various IOU Home Energy Reports programs from the 2010-2012 program cycle up to and through program year 2015; these evaluations are available on the CalMAC website (www.calmac.org), which is the repository of all Commission- and IOU-led evaluations (market, process and impact) dating back to the early 2000s.

Consequently, because of the abundance of program-level information for the IOUs Home Energy Reports program, including multiple impact evaluations from prior-program years, as well as the ABAL review process and parallel desire to reduce regulatory burden, the Commission rejects TURN's request that the IOUs file a mid-year advice letter on behavior program progress.

If you have any questions regarding Energy Division's findings in this non-standard disposition, please contact Peter Franzese regarding administrative costs, behavior programs, the ABAL workshop process, and SoCalGas' portfolio (peter.franzese@cpuc.ca.gov); Nils Strindberg regarding DEER issues and Local Government programs (nils.strindberg@cpuc.ca.gov); or Christina Torok (christina.torok@cpuc.ca.gov) regarding Statewide programs and SDG&E's larger portfolio.

Sincerely,

Edward Randolph, Director
Energy Division

December 19, 2018

Cc: Service Lists R.13-11-005 and A.17-01-013

Pete Skala, Energy Division
Robert Strauss, Energy Division
Alison LaBonte, Energy Division
Nils Strindberg, Energy Division
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Hayley Goodson, The Utility Reform Network
Irene Moosen, on behalf of the Local Government Sustainable Energy Coalition